



# Nebraska Sales and Use Tax

# **GENERAL INFORMATION**

**Spring 2012**

**Name**

[@nebraska.gov](mailto:@nebraska.gov)

**Phone**

[www.revenue.ne.gov](http://www.revenue.ne.gov)

*This PowerPoint handout is used for training purposes in conjunction with the oral presentation given by Departmental training staff.*

*It is not intended to be a stand-alone document.*

*It is not an information guide, nor does it carry regulatory or statutory authority.*

*Nebraska tax statutes, regulations, information guides, and other resources are available at [www.revenue.ne.gov](http://www.revenue.ne.gov).*



# Subscription Service

Powered by get the word out.  
**govDELIVERY™**

- Receive notification of changes to topics of interest using the FREE web-based email subscription system.
- Set up a PROFILE – enter your email address, optional password, and select the topics of interest.
- You can change your PROFILE at any time by adding or deleting topics, changing the frequency of email alerts, or changing your email address.
- No special software – all you need is a valid email address and an Internet browser!

[Try it out!](#)

# E-filing & Payment Mandates

Every 6 months, the payment threshold is lowered.

- January 1, 2012                      \$13,000
- July 1, 2012                         \$11,000
- January 1, 2013                    \$ 9,000
- July 1, 2013                         \$ 8,000

Any businesses with multiple locations that have been granted permission to file “combined” sales tax returns **MUST** e-file.

*For more detailed information on e-file and e-pay requirements, see our [website](#).*

# Today's Agenda

1. Nebraska sales tax
2. What is a sales transaction?
3. Sales tax is calculated on gross receipts.
4. Delivery location determines the rate of local sales tax.
5. Sellers must collect and report sales tax or document why they didn't.
6. Accounting method matters
7. What is use tax?
8. Other tax information...

# 1.

# Nebraska Sales Tax

*For more information, see the [Sales and Use Tax Regulation](#) on our website.*

# 1. Nebraska Sales Tax



**SALES TAX** is



- based on the transaction,
- rather than the item sold.

# 2.

## What is a Sales Transaction?



## 2. What is a Sales Transaction?

---

A **SALE** is

---

- the transfer of title or possession,
- of an item or taxable service,
- for consideration.

## 2. Sales Transaction (continued)

### A LEASE OR RENTAL

- is a sale,
- because there is a transfer of possession.
- Sales tax is due on each payment.

## 2. All Sellers...

...are the **consumers** of anything they use to sell their items; and  
...**must pay tax** on them.

Example 1: Cash registers.

Example 2: Display racks, posters, & mannequins.

## 2. Taxable Services

- Animal specialty services
- Building cleaning
- Computer software training
- Detective services
- Installing/applying tangible personal property
- Motor vehicle towing, washing/waxing, painting
- Pest control services
- Recreational vehicle (RV) park services
- Security services
- Repair labor (with 5 exceptions – see slide 54)

*For a complete list of taxable and nontaxable services, see the [Nebraska and Local Sales Tax Information Guide](#) on our website.*

## 2. All Service Providers...

...are the **consumers** of the items used to provide the service; and  
...**must pay tax** on those items  
(even if the charge for the service is also taxable).

Example 1: The carwash does not sell soap and wax, but a “car wash.”

Example 2: A window cleaner is not selling window cleaner, but “clean windows.”

## 2. Collecting Sales Tax

---

- Collected by the **seller** as an agent for the State
- **Trust fund** belongs to the State of Nebraska
- Must have a **sales tax permit**
- **Collection fee**

# 3.

## **Sales Tax is Calculated on Gross Receipts**

# 3. Gross Receipts



Gross receipts mean the total amount of a sale or lease for a consideration.

Sales tax is calculated on the gross receipts of the sales transaction.

*For more information, see [Req-1-007](#) – Gross Receipts Defined.*



# 4.

## **Delivery Location & the Local Sales Tax Rate**

# 4. Delivery Location



The delivery location determines the rate of local sales tax.

- The delivery location is where the purchaser picks up the item or where he/she takes possession of it.
- The local sales tax rate depends on whether the delivery location is inside or outside city limits.
- When delivery is outside Nebraska, contact the other state.

# 5.

**5A. Documenting  
Why You Didn't**

**5C. Reporting Sales Tax**

# 5A. Collecting Sales Tax (continued)

---

- **ALL sales transactions are presumed taxable.**
- Sales tax must be separately stated (with 4 exceptions).

# The Bottom Line for Sales Tax

---

**Sellers must collect sales tax**

**– OR –**

**document why they did not.**

# 5A. Documenting Exempt Sales

---

- Form 13
- Sellers keep completed copies of Form 13.
- A “**blanket**” form is valid until it is revoked in writing by the purchaser.

## 5B. Documenting Exempt Sales (continued)

---

### Form 13, Section A – Resale Certificate

- Purchases for resale
- Items that become a component part of a product to be sold

# Form 13, Section A



## Nebraska Resale or Exempt Sale Certificate

for Sales Tax Exemption

• Read instructions on reverse side/see note below

**RESET FORM**

FORM

**13**

### NAME AND MAILING ADDRESS OF PURCHASER

Name

Street or Other Mailing Address

City

State

Zip Code

### NAME AND MAILING ADDRESS OF SELLER

Name

Street or Other Mailing Address

City

State

Zip Code

### Check Type of Certificate

☐

Single Purchase

☐

Blanket

If blanket is checked, this certificate is valid until revoked in writing by the purchaser.

**I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:**

**Check One**

☐

Purchase for Resale (Complete Section A)

☐

Exempt Purchase (Complete Section B)

☐

Contractor (Complete Section C)

## SECTION A — Nebraska Resale Certificate

Description of Item or Service Purchased

I hereby certify that the purchase, lease, or rental of  
from the above seller is exempt from the Nebraska sales tax as a purchase for resale, rental, or lease in the normal course of our business, either in the  
form or condition in which purchased, or as an ingredient or component part of other property to be resold.

I further certify that we are engaged in business as a: ☐ Wholesaler ☐ Retailer ☐ Manufacturer ☐ Lessor  
of Description of Product Sold, Leased, or Rented

If None, State Reason

and hold Nebraska Sales Tax Permit Number 01-

or Foreign State Sales Tax Number

State

For more detailed information, refer to the [Form 13 instructions](#).



# 5B. Documenting Exempt Sales (continued)

---

## Form 13, Section B – Exempt Sale Certificate

- **Specific governmental units**
  - [Governmental Entities](#) information guide
  - [Reg-1-012C](#) – Entity-based exemptions
- **Certain exempt organizations**
  - [Nonprofits](#) PowerPoint slides
  - [Nonprofits](#) information guide
  - [Reg-1-090](#) – Nonprofit organizations
  - [Reg-1-091](#) – Religious organizations
  - [Reg-1-092](#) – Educational institutions

# Form 13, Section B (continued)

---

- Qualified manufacturing machinery and equipment (MME)
  - [MME](#) PowerPoint slides
  - [MME](#) information guide
  - [Reg-1-107](#) – MME Exemption
- Vehicles and parts for vehicles used by a common or contract carrier
  - [Common or Contract Carrier](#) information guide
  - [Reg-1-069](#) – Common & Contract Carriers

# Form 13, Section B (continued)



- **Qualified commercial agricultural machinery and equipment (Ag exemption)**
  - [Agri-business](#) PowerPoint slides
  - [Ag](#) information guide
  - [Reg-1-094](#) - Ag machinery & equipment refund
- **Occasional sales** *(This exemption is very limited in scope!)*
  - [Reg-1-022](#) – Occasional Sales

# Form 13, Section B



## Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption

• Read instructions on reverse side/see note below

**RESET FORM**

FORM  
**13**

NAME AND MAILING ADDRESS OF PURCHASER			NAME AND MAILING ADDRESS OF SELLER		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

**Check Type of Certificate**

☐ Single Purchase

☐ Blanket

If blanket is checked, this certificate is valid until revoked in writing by the purchaser.

**I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:**

**Check One**

☐ Purchase for Resale (Complete Section A)

☐ Exempt Purchase (Complete Section B)

☐ Contractor (Complete Section C)

### SECTION B — Nebraska Exempt Sale Certificate

The basis for this exemption is exemption category (Insert appropriate category as described on reverse of this form.)

If exemption category 2 or 5 is claimed, enter the following information:

Description of Item(s) Purchased

Intended Use of Item(s) Purchased

If exemption categories 3 or 4 are claimed, enter the Nebraska Exemption Certificate number. 05 -

If exemption category 6 is claimed, seller must enter the following information and sign this form below:

Description of Item(s) Sold

Date of Seller's Original Purchase

Was Tax Paid when Purchased by Seller?


Was Item Depreciable?

☐ YES ☐ NO

☐ YES ☐ NO

*For more detailed information, refer to the [Form 13 instructions](#).*

# Form 13, Section C – For Contractors Only

 <b>Nebraska Department of REVENUE</b>	<b>Nebraska Resale or Exempt Sale Certificate</b> for Sales Tax Exemption • Read instructions on reverse side/see note below	<b>FORM 13</b> <b>RESET FORM</b>
<b>NAME AND MAILING ADDRESS OF PURCHASER</b>		<b>NAME AND MAILING ADDRESS OF SELLER</b>
Name		Name
Street or Other Mailing Address		Street or Other Mailing Address
City	State	Zip Code
City		State
Zip Code		Zip Code
<b>Check Type of Certificate</b>		
<input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket    If blanket is checked, this certificate is valid until revoked in writing by the purchaser.		
<b>I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:</b>		
<b>Check One</b> <input type="checkbox"/> Purchase for Resale (Complete Section A) <input type="checkbox"/> Exempt Purchase (Complete Section B) <input type="checkbox"/> Contractor (Complete Section C)		

## **SECTION C — For Contractors Only**

### **1. Purchases of Building Materials or Fixtures:**

- ☐ As an Option 1 or Option 3 contractor, I hereby certify that purchases of building materials and fixtures from the above seller are exempt from Nebraska sales tax. My Nebraska Sales or Consumer's Use Tax Permit Number is:                      01-

### **2. Purchases Made Under Purchasing Agent Appointment on behalf of \_\_\_\_\_:** (exempt entity)

- ☐ Pursuant to an attached Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax, Form 17, I hereby certify that purchases of building materials, and fixtures are exempt from Nebraska sales tax.

There is a seminar just for [Contractors](#)!

Check the schedule to attend a class, request that we set a date to work with you directly, or check out the presentation using the link above!

# 5C. Reporting Sales Tax

---

- [E-file](#) a Form 10.
- For e-file instructions, please go to the Department's [website](#).
- A return must be filed even if there are no sales to report.

# 5C. Reporting Sales Tax (continued)

Official Nebraska Government Website

[General Information](#) | [FAQ](#) | [Contact Us](#) | [My Apps](#) | [Logout](#)

Nebraska Department of Revenue

**CUSTOMER\_ACCEPTANCE\_TESTING**

**NebFile**  
for Business

**Sales and Use  
Tax**

8888888

123 SALES CORPORATION

2/2010

[START RETURN](#)

[COMPLETE FORMS](#)

[MAKE PAYMENT](#)

[Schedule I](#) | [MVL](#) | [Form 10](#) | [Review Forms](#)

Form 10

[Click here to use the worksheet for lines 1, 2, and 4](#)

Nebraska and Local Sales and Use Tax Return - Form 10 ?

1.	*Gross sales and services	1.	
2.	*Net Taxable sales	2.	
3.	Nebraska sales tax (line 2 multiplied by 0.055)	3.	
4.	Nebraska use tax	4.	
5.	Local use tax (From Schedule I)	5.	40.00
6.	Local sales tax (From Schedule I)	6.	60.00
7.	Total Nebraska and local sales tax (line 3 plus line 6)	7.	60.00
8.	Sales tax collection fee (line 7 multiplied by 0.025; Maximum allowed \$75.00 per location)	8.	1.50
9.	Sales tax due (line 7 minus line 8)	9.	58.50
10.	Total Nebraska and local use tax (line 4 plus line 5)	10.	40.00
11.	Total Nebraska and local sales and use tax (line 9 plus line 10)	11.	98.50
12.	Previous balance with applicable interest at 5.0% per year and payments received through	12.	
13.	BALANCE DUE (line 11 plus or minus line 12). Pay in full with return	13.	98.50

\*Please click Save/Next to review your return.

Your return has not been filed until you receive a reference number.

[Print this Form](#)

[Back](#)

[Save](#)

[Save/Next](#)

# Nebraska Department of Revenue

## CUSTOMER\_ACCEPTANCE\_TESTING

**NebFile**  
for Business

Sales and Use Tax 88888888

123 SALES CORPORATION

02/2010

START RETURN

COMPLETE FORMS

MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

### Schedule I - Local Sales and Use Tax

The program defaults to calculate tax when the amount subject to tax is entered. Click [Enter Tax](#) to have the program calculate the amount subject to tax when tax is entered.

+ Select File to Upload

Click this button to select a comma-separated values (CSV) file to upload. Click [here](#) for a description of the required format.

Local Jurisdiction Local Code ?	Rate	Use Tax		Sales Tax	
		1 Amount Subject to Local Use Tax	2 Local Use Tax	3 Amount Subject to Local Sales Tax	4 Local Sales Tax
Elgin (164)	.010	<input type="text"/>	.00 <a href="#">Enter Tax</a>	<input type="text"/>	.00
Totals		.00	.00	.00	.00

Select a Jurisdiction Not Listed Above

Select One

(To add a jurisdiction click + below)

- The file upload feature allows taxpayers who report sales tax to multiple tax jurisdictions to upload a comma-separated values (CSV) file.
- There is no requirement to use this feature. It is simply a convenience some filers may choose. See “Click here” to see more information.



# 5C. Reporting Sales Tax (continued)

Official Nebraska Government Website

Nebraska Department of Revenue

Contact Us | Login

**NebFile**  
for Business

---

Nebraska Net Taxable Sales and Use Tax Worksheets

**Net Taxable Sales Worksheet**

1. Gross Sales and Services in Nebraska [\[1-007\]](#) Line 1, Form 10

ALLOWABLE EXEMPTIONS AND DEDUCTIONS FROM GROSS SALES

<input type="checkbox"/>	A. Sales of nontaxable services as shown in <a href="#">Regulation [1-12]</a>	<input type="text"/>
	B. Sales of items sold for resale as shown in <a href="#">Regulation [1-013]</a>	<input type="text"/>
<input type="checkbox"/>	C. Sales to exempt purchasers as shown in <a href="#">Regulation [1-012]</a>	<input type="text"/>
<input type="checkbox"/>	D. Sales of exempt items as shown in <a href="#">Regulation [1-012]</a>	<input type="text"/>
<input type="checkbox"/>	E. Exempt Sellers as shown in <a href="#">Regulation [1-012]</a>	<input type="text"/>
<input type="checkbox"/>	F. Use-based exemptions as shown in <a href="#">Regulation [1-012]</a>	<input type="text"/>
<input type="checkbox"/>	G. Other allowable deductions. Click here for a list of allowable deductions and the applicable regulations	<input type="text"/>
	H. Subtotal of all allowable exemptions and deductions [A through G]	<input type="text"/>

2. Net Taxable Sales (Line 1 minus Line H) Line 2, Form 10

**Nebraska Use Tax Worksheet**  
[\[Guide\]](#) [\[Regulation\]](#)

1.	Cost of items and taxable services purchased for use in Nebraska on which tax was not paid	<input type="text"/>
2.	Cost of items withdrawn from inventory for personal or business use	<input type="text"/>
3.	Total amount subject to Nebraska use tax (line 1 plus line 2)	<input type="text"/>
4.	Nebraska use tax (line 3 multiplied by the rate identified on line 3 of Form 10)	<input type="text"/>
5.	Credit for tax paid to other states on items in line 4	<input type="text"/>
6.	Nebraska use tax due (line 4 minus line 5). Line 4, Form 10	<input type="text"/>

Move values below to Form 10

Form 10, Line 1    Form 10, Line 2    Form 10, Line 4

This screen shows the **Optional Net Taxable Sales Worksheet** used to help calculate lines 1 and 2 on Form 10.

# 6.

## Accounting

# Method Does Matter

# 6. Accounting Method



**Determines when  
sales and use tax is due.**

The accounting method you use:

- Is not based on **HOW** a customer pays you; but
- Is determined by **WHEN** you record income and expenses.

# 6. Accounting Method (continued)

## Cash Method

- Sales are recorded as income when payment is received by the seller.
- Purchases are recorded as expenses when payment is made to the vendor.

## Accrual Method

- Sales are recorded as income when the sale occurs regardless of when payment is received.
- Purchases are recorded as expenses when incurred regardless of when payment is made.

# 6. Accounting Method (continued)

## Example:

- A furniture store sells a sofa on Oct. 1, 2010 for \$1,000.
- The customer picks up the sofa on the same day.
- The customer makes a \$500 payment on Oct. 1, 2010.

## Cash Method

- The \$500 payment is recorded as income for October.
- The \$500 payment recorded is reported on the Form 10 as gross sales.

## Accrual Method

- The entire \$1,000 is recorded as income in October, even though the customer has only paid \$500.
- The furniture store reports the entire \$1,000 on its October Form 10 as gross sales.

# 7.

## What is Use Tax?

*For more information, see [Reg-1-002](#) – Use Tax.*

# 7. What is Use Tax?



- Use tax is due when Nebraska sales tax has not been paid on a taxable item or service purchased for use in Nebraska.
- Sales and use tax are not BOTH due on the same transaction.
- The big difference is **WHO** remits the tax -
  - **SALES TAX** is collected and remitted by the **SELLER**.
  - **USE TAX** is paid directly to the Department by the **PURCHASER/CONSUMER**.

## 7. Use Tax (continued)



Use tax and sales tax have these things in common -

- They are imposed on the same transactions.
- They have the same exemptions.
- They are calculated at the same rate.
  - Where delivery occurs
  - OR
  - Where first usage in Nebraska takes place.



## 7. Use Tax (continued)



- Often due when purchases are made from an **OUT-OF-STATE SELLER**
  - Internet, catalog, mail order
  - Magazines and journals by subscription
- **Use tax is due** when the business withdraws **tax-free inventory** for business or personal use (including donations)
  - Auto mechanic
  - Hair salon

*NOTE: Be sure to maintain good records!*

# 7. Reporting Use Tax

---

- Businesses report use tax on:
  - [Form 10](#); or
  - [Form 2](#).
- Individuals report use tax on:
  - [Form 3](#);
  - [Form 1040N](#); or
  - [Form 2](#) (only if claiming credit for tax paid to another state).

*NOTE: Do not use Form 1040-XN to make changes to individual use tax filings.*

# 7. Reporting Use Tax (continued)

---

Businesses that hold a  
Nebraska Sales Tax Permit,  
use **Form 10**.

# 7. Reporting Use Tax (continued)

Official Nebraska Government Website

Nebraska Department of Revenue

Contact Us | Login

**NebFile**  
for Business

Nebraska Net Taxable Sales and Use Tax Worksheets

**Net Taxable Sales Worksheet**

1. Gross Sales and Services in Nebraska [\[1-007\]](#) Line 1, Form 10

ALLOWABLE EXEMPTIONS AND DEDUCTIONS FROM GROSS SALES

☐ A. Sales of nontaxable services as shown in [Regulation \[1-12\]](#)

☐ B. Sales of items sold for resale as shown in [Regulation \[1-013\]](#)

☐ C. Sales to exempt purchasers as shown in [Regulation \[1-012\]](#)

☐ D. Sales of exempt items as shown in [Regulation \[1-012\]](#)

☐ E. Exempt Sellers as shown in [Regulation \[1-012\]](#)

☐ F. Use-based exemptions as shown in [Regulation \[1-012\]](#)

☐ G. Other allowable deductions. Click here for a list of allowable deductions and the applicable regulations

☐ H. Subtotal of all allowable exemptions and deductions [A through G]

2. Net Taxable Sales (Line 1 minus Line H) Line 2, Form 10

**Nebraska Use Tax Worksheet**

[\[Guide\]](#) [\[Regulation\]](#)

1. Cost of items and taxable services purchased for use in Nebraska on which tax was not paid

2. Cost of items withdrawn from inventory for personal or business use

3. Total amount subject to Nebraska use tax (line 1 plus line 2)

4. Nebraska use tax (line 3 multiplied by the rate identified on line 3 of Form 10)

5. Credit for tax paid to other states on items in line 4

6. Nebraska use tax due (line 4 minus line 5). Line 4, Form 10

Move values below to Form 10

Form 10, Line 1   Form 10, Line 2   Form 10, Line 4

This screen shows the **Optional Nebraska Use Tax Worksheet** used to help calculate line 4 on [Form 10](#).

## 7. Reporting Use Tax (continued)

Official Nebraska Government Website

General Information | FAQ | Contact Us | My Apps | Logout

Nebraska Department of Revenue

**CUSTOMER\_ACCEPTANCE\_TESTING** **NebFile** for Business

Sales and Use Tax 8888888 123 SALES CORPORATION 02/2010

START RETURN COMPLETE FORMS MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

### Schedule I - Local Sales and Use Tax

The program defaults to calculate tax when the amount subject to tax is entered. Click [Enter Tax](#) to have the program calculate the amount subject to tax when tax is entered.

Local Jurisdiction Local Code ?	Rate	Use Tax		Sales Tax	
		1 Amount Subject to Local Use Tax	2 Local Use Tax <a href="#">Enter Tax</a>	3 Amount Subject to Local Sales Tax	4 Local Sales Tax
Central City (094)	.010	<input type="text"/>	.00	<input type="text"/>	.00
<b>Totals</b>		.00	.00	.00	.00

Select a Jurisdiction Not Listed Above (To add a jurisdiction click [+](#) below)

[+](#)

\*Amounts for duplicate city codes will be summed and combined into a single row.

[Print this Form](#) (Optional)

[Back](#) [Save](#) [Save/Next](#)

- On **Schedule I**, local jurisdictions reported within the last 12 months will be shown.
- The program defaults to enter the “Amount Subject to Tax.” Click on the blue “Enter Tax” link to enter the amount of tax.

## 7. Reporting Use Tax (continued)

Official Nebraska Government Website

General Information | FAQ | Contact Us | My Apps | Logout

Nebraska Department of Revenue

**CUSTOMER\_ACCEPTANCE\_TESTING** **NebFile** for Business

Sales and Use Tax 8888888 123 SALES CORPORATION 2/2010

START RETURN COMPLETE FORMS MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

Form 10

[Click here to use the worksheet for lines 1, 2, and 4](#)

Nebraska and Local Sales and Use Tax Return - Form 10 ?			
1.	*Gross sales and services	1.	6,000.00
2.	*Net Taxable sales	2.	500.00
3.	Nebraska sales tax (line 2 multiplied by 0.055)	3.	27.50
4.	Nebraska use tax	4.	55.00
5.	Local use tax (From Schedule I)	5.	40.00
6.	Local sales tax (From Schedule I)	6.	60.00
7.	Total Nebraska and local sales tax (line 3 plus line 6)	7.	87.50
8.	Sales tax collection fee (line 7 multiplied by 0.025; Maximum allowed \$75.00 per location)	8.	2.19
9.	Sales tax due (line 7 minus line 8)	9.	85.31
10.	Total Nebraska and local use tax (line 4 plus line 5)	10.	95.00
11.	Total Nebraska and local sales and use tax (line 9 plus line 10)	11.	180.31
12.	Previous balance with applicable interest at 5.0% per year and payments received through	12.	
13.	BALANCE DUE (line 11 plus or minus line 12). Pay in full with return	13.	180.31

\*Please click Save/Next to review your return.  
Your return has not been filed until you receive a reference number.

[Print this Form](#)

Back

Save

Save/Next

# 7. Reporting Use Tax (continued)

Businesses use  
**Form 2** if they  
**DO NOT** hold a  
sales tax permit.

Nebraska Department of <b>REVENUE</b>		<b>Business Nebraska and Local Use Tax Return</b>		<b>FORM 2</b>																																											
Nebraska ID Number		PLEASE DO NOT WRITE IN THIS SPACE																																													
Tax Period																																															
<b>NAME AND LOCATION ADDRESS</b>		<b>NAME AND MAILING ADDRESS</b>																																													
Name Doing Business As (dba)		Name																																													
Legal Name																																															
Street Address (Do Not Use PO Box)		Street or Other Mailing Address																																													
City	State	Zip Code	City	State	Zip Code																																										
1 Cost of taxable items or services purchased for use in Nebraska when Nebraska sales tax has not been paid. (Include the cost of items withdrawn from inventory for use.)		1		\$	00																																										
2 Nebraska use tax due (line 1 multiplied by .055)		2																																													
• Complete the following Local Use Tax Table (see instructions).																																															
<table border="1"><thead><tr><th colspan="3">Local Use Tax Table</th><th></th><th></th><th></th></tr><tr><th>CITY OR COUNTY <a href="#">CLICK HERE FOR CURRENT CODES AND RATES</a></th><th>LOCAL CODE</th><th>LOCAL TAX RATE</th><th>COLUMN A Amount Subject to Local Use Tax</th><th>COLUMN B Local Use Tax (Rate x Column A)</th><th></th></tr></thead><tbody><tr><td></td><td></td><td></td><td>00</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>00</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>00</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>00</td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>00</td><td></td><td></td></tr></tbody></table>						Local Use Tax Table						CITY OR COUNTY <a href="#">CLICK HERE FOR CURRENT CODES AND RATES</a>	LOCAL CODE	LOCAL TAX RATE	COLUMN A Amount Subject to Local Use Tax	COLUMN B Local Use Tax (Rate x Column A)					00						00						00						00						00		
Local Use Tax Table																																															
CITY OR COUNTY <a href="#">CLICK HERE FOR CURRENT CODES AND RATES</a>	LOCAL CODE	LOCAL TAX RATE	COLUMN A Amount Subject to Local Use Tax	COLUMN B Local Use Tax (Rate x Column A)																																											
			00																																												
			00																																												
			00																																												
			00																																												
			00																																												
3 Total local use tax due (add amounts in Column B)		3																																													
4 Total Nebraska and local use taxes due (line 2 plus line 3)		4																																													
5 Credit for tax properly paid to other states and taxing jurisdictions on items included on line 1 (see instructions)		5																																													
6 Net Nebraska and local use taxes due (line 4 minus line 5)		6																																													
7 Previous balance with applicable interest at % per year and payments received through		7																																													
<input type="checkbox"/> Check this box if your payment is being made by Electronic Funds Transfer (EFT).																																															
8 BALANCE DUE (line 6 plus or minus line 7). Pay in full with this return.		8		\$																																											
I declare under penalties of law that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.																																															
<b>sign here</b>																																															
Authorized Signature		Date		Signature of Preparer Other Than Taxpayer																																											
Title		Daytime Telephone Number		Daytime Telephone Number																																											
E-Mail Address		E-Mail Address		E-Mail Address																																											
THIS RETURN IS DUE ON OR BEFORE THE 25 <sup>TH</sup> DAY OF THE MONTH FOLLOWING THE TAX PERIOD INDICATED ABOVE.																																															
Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, PO BOX 98923, LINCOLN, NE 68509-8923.																																															
<a href="http://www.revenue.ne.gov">www.revenue.ne.gov</a> , (800) 742-7474 (NE and IA), (402) 471-5729																																															

## 7. Reporting Use Tax (continued)

Individuals  
use **Form 3**.

Nebraska Department of <b>REVENUE</b>		<b>Individual Nebraska and Local Use Tax Return</b>		FORM <b>3</b>
Social Security Number		PLEASE DO NOT WRITE IN THIS SPACE		
NAME AND MAILING ADDRESS				
Name				
Street or Other Mailing Address				
City	State	Zip Code		
1 Cost of taxable items or services purchased for use in Nebraska when Nebraska sales tax has not been paid.....				1 \$ 00
2 Nebraska use tax due (line 1 multiplied by .055).....				2
• Complete the following Local Use Tax Table (see instructions).				
Local Use Tax Table				
CITY OR COUNTY <a href="#">CLICK HERE FOR CURRENT CODES AND RATES</a>	LOCAL CODE	LOCAL TAX RATE	COLUMN A Amount Subject to Local Use Tax	COLUMN B Local Use Tax (Rate x Column A)
			00	
			00	
			00	
			00	
			00	
3 Total local use tax due (add amounts in Column B) .....				3
4 Nebraska and local use tax due (line 2 plus line 3). Pay in full with this return.....				4 \$
I declare under penalties of law that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.				
sign here		Taxpayer Signature		Date
		Signature of Preparer Other Than Taxpayer		Date
Daytime Telephone Number		Daytime Telephone Number		
E-Mail Address		E-Mail Address		
Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, PO BOX 98923, LINCOLN, NE 68509-8923.				
<b>www.revenue.ne.gov, (800) 742-7474 (Nebraska and Iowa), (402) 471-5729</b>				



# Individuals can use Line 38 on Form 1040N to report and pay use tax!




## Nebraska Individual Income Tax Return

for the taxable year January 1, 2011 through December 31, 2011 or other taxable year: , 2011 through ,

FORM 1040N  
**2011**

Please Type or Print	Your First Name and Initial	Last Name	PLEASE DO NOT WRITE IN THIS SPACE	
	If a Joint Return, Spouse's First Name and Initial	Last Name		
	Current Mailing Address (Number and Street or PO Box)			
	City	State		Zip Code

or greater, or used the annualized income method, <b>attach</b> Form 2210N, and check this box 96 <input type="checkbox"/> . . . . .	36		00
<b>37 TOTAL TAX AND PENALTY.</b> Add lines 27 and 36 . . . . .	37		00
<b>38 Use tax due on Internet and out-of-state purchases.</b> See instructions. Enter purchases subject to tax 92 \$ _____; State tax 93 \$ _____ .00 (purchases x 5.5%); Local code 94 ____ (see <u>local rate schedule</u> ); Local tax 95 \$ _____ .00 (purchases x local rate of ____%, from local rate schedule) Total tax \$ _____ .00 Add state and local taxes and enter on line 38. If no use tax, enter (-0-) on line 38 . . . . .	38		00
<b>39 TOTAL AMOUNT DUE.</b> If line 35 is less than total of lines 37 and 38, subtract line 35 from the total of lines 37 and 38. Pay this amount in full. <b>For electronic or credit card payment, check here <input type="checkbox"/> and see instructions</b>	39		00
<b>40 OVERPAYMENT.</b> If line 35 is more than total of lines 37 and 38, subtract total of lines 37 and 38 from line 35.	40		00
<b>41 Amount of line 40 you want APPLIED TO YOUR 2012 ESTIMATED TAX</b> . . . . .	41		00
<b>42 Wildlife Conservation Fund DONATION</b> of \$1 or more . . . . . 	42		00

# Summary of Sales Tax

1. Nebraska sales tax
2. What is a sales transaction?
3. Sales tax is calculated on gross receipts.
4. Delivery location determines the rate of local sales tax.
5. Sellers must collect and report sales tax or document why they didn't.
6. Accounting method matters
7. What is use tax?
8. Other tax information...

# 8.

## Other Tax Information

# 8. Other Tax Information

---

- 8A. Labor Charges Associated with Personal Property ([Req-1-082](#))
- 8B. Gross Receipts ([Req-1-007](#))
- 8C. Computer Software, Software Installation, & Digital Goods and Services ([Req-1-088](#))
- 8D. Manufacturing Machinery & Equipment (MME) ([Req-1-107](#))
- 8E. Agricultural Machinery and Equipment ([Req-1-094](#))
- 8F. Certificate of Clearance ([Neb. Rev. Stat. § 77-2707](#))
- 8G. Why Would We Contact You? ([Dept. webpage](#))
- 8H. Records ([Req-1-008](#))
- 8I. Discounts ([Req-1-037](#))
- 8J. Psychic Services

# 8A. Labor Charges Associated with Personal Property

---

- **Taxable**

- Production and assembly labor
- Installation and repair labor WHEN the item is taxable

- **Exempt**

- Installation labor WHEN the item is exempt
- Repair labor (see the next slide)

# 8A. Exempt Repair Labor Charges

---

- Licensable motor vehicle
- Agricultural machinery and equipment used in commercial agriculture
- Qualifying prosthetic devices and durable medical equipment ([Form 13](#) required)
- Mobility-enhancing equipment ([Form 13ME](#) required)
- Qualified MME ([Form 13](#) required)

# 8B. Gross Receipts



## 4 EXCEPTIONS TO SEPARATELY STATING SALES TAX

- Admissions
- Alcohol by-the-drink
- Concessions
- Vending machines

# 8B. Gross Receipts - The Exceptions

You charge your customer \$10 for a pitcher of beer in a city with a 1.5% local sales tax.

**The customer's bill would show:**

Pitcher of beer	\$10
-----------------	------

**To determine gross receipts and the amount of sales tax:**

- Divide \$10 by 1.07 (1 plus the total state and local sales tax rate). The gross receipts is \$9.35.
- Subtract \$9.35 from \$10 to get \$0.65, which is the tax.

Gross receipts (sales price)	= \$9.35
State and local sales tax	= \$0.65



## 8B. Gross Receipts – Delivery Charges

---

Delivery charges are taxable when:

1. The buyer pays the seller for the delivery charge;

**AND**

2. The transaction is taxable.

*Delivery charges are taxable regardless of the method of delivery.*

## 8B. Delivery Charges (continued)



If you owe use tax on a purchase, you also owe use tax on any delivery charge paid to the seller as part of that purchase.

# 8B. Gross Receipts - Occupation Tax

---

Any city may impose and collect an [occupation tax](#), privilege, or license tax, on a business within its boundaries.

- The occupation tax rate is set by the city.
- The occupation tax is imposed on the business, similar to income taxes and property taxes.
- The business pays the occupation tax directly to the city on forms provided by the city.
  - Many cities allow sellers to itemize the occupation tax on their customer's bill or invoice as a separate line item.

## 8B. Occupation Tax (continued)

---

- The occupation tax is part of the seller's gross receipts.
- If it is separately stated on the invoice, the occupation tax must be added to the sales price **before** calculating state and local sales tax (see the following examples).

# 8B. Occupation Tax (continued)

## Example 1 – Meal-only Restaurant Bill

Meal (in Omaha, NE)	\$50.00	
Occupation Tax (2.5%)	<u>+ 1.25</u>	>> Remit to the city
Subtotal (gross receipts)	\$51.25	
Sales Tax 7% (state 5.5% and city 1.5%)	<u>+ 3.59</u>	>> Remit to the NE Dept of Revenue
<b>Total</b>	<b>\$54.84</b>	

## 8B. Occupation Tax (continued)

### Example 2 – Hotel Bill

Hotel Room Rate (in Omaha, NE)	\$100.00	
City Occupation Tax (5.5%)	<u>+ 5.50</u>	>> Remit to the city
Subtotal (gross receipts)	\$105.50	

**Gross receipts subject to Sales & Lodging Tax = \$105.50**

#### Sales Tax Calculation

Gross Receipts	\$105.50
Sales Tax 7%	<b>\$ 7.39</b>
(state 5.5% & city 1.5%)	

#### Lodging Tax Calculation

Gross Receipts	\$105.50
Lodging Tax 5%	<b>\$ 5.28</b>
(county 4% & state 1%)	

$\$7.39 + \$5.28 = \boxed{\$12.67}$  >> Remit to the NE  
Dept of Revenue

## 8B. Occupation Tax (continued)

### Example 2 – Hotel Bill (continued)

**The customer's bill should show:**

Hotel Room Rate	\$100.00
Occupation Tax (5.5%)	<u>+ 5.50</u>
<b>Subtotal</b>	<b>\$105.50</b>
State and Local Sales Tax (7%)	+ 7.39
State and County Lodging Tax (5%)	<u>+ 5.28</u>
<b>Total</b>	<b>\$118.17</b>

**NOTE:** A “combined rate,” adding sales tax, lodging tax, and occupation tax rates, is not allowed.

# 8B. Gross Receipts – Tips and Gratuities

---

- Discretionary (Nontaxable)
- Mandatory (Taxable)



# 8C. Computer Software, Installation, and Digital Goods & Services

---

## Taxable Examples

### Software/ Software Installation

- Tangible medium
- Internet transferred software
- Software training / re-training by the seller
- Maintenance agreements with updates

### Digital Goods

- Electronic books and book clubs
- Downloading songs & ringtones
- Movies, music videos, & TV shows

### Services

- Virus protection software, monitoring services, security services, and testing

# 8C. Software, Installation, & Digital Goods & Services (continued)

---

## Nontaxable Examples

### Software/ Software Installation

- Cloud Computing
- Accessing web-based applications (no code necessary)
- Access codes for online subscription services

### Digital Goods

- Web design without license transfer
- Electronically-transferred photographs

### Services

- Help desk without updates

Refer to [Regulation 1-088 – Software](#) and the [Computer Software](#) information guide for more information.

# 8D. Manufacturing Machinery and Equipment (MME)

---

## MME is Exempt:

- If more of the manufacturer's total annual revenue is from sales of tangible personal property it manufactures than from any other business activity.
- AND**
- The machinery and equipment is used more than 50% of the time in manufacturing.

## 8D. MME includes machinery or equipment used for (1-8):

---

1. Producing, fabricating, assembling, processing, molding, shaping, finishing, refining, or packaging tangible personal property;
2. Transporting, conveying, handling, or storing the manufactured goods or raw materials;
3. Maintaining the integrity of the products or unique environmental conditions for the products or MME itself;

## 8D. MME includes machinery or equipment used for: (continued)

---


4. Testing or measuring the product, the manufacturing process, or the quality of the finished products;
5. Computers, software, and peripheral equipment used to guide, control, operate, or measure the manufacturing process.

Example —

Software used to direct robotic assembly line equipment to move the product down the line.

*more...*

# 8D. MME includes machinery or equipment used for: (continued)



- 6. Self-constructed equipment
- 7. Replacement parts
- 8. Repair labor charges

# 8D. MME DOES NOT include...

---

- Licensable motor vehicles
- Tools powered by hand
- Security equipment
- Safety apparel
- Office equipment
- Repair shop equipment
- Most cleaning equipment
- Equipment used for R & D

# 8E. Agricultural (Ag) Machinery & Equipment

---

Purchases of ag equipment are sales and use tax exempt when **ALL THREE** of these criteria are met:

- 2A. The item is used directly in **commercial agriculture**;
- 2B. The item meets the definition of **ag equipment**; and
- 2C. The purchaser properly completes a **Form 13, Section B.**



# 8E. Commercial Ag



## **COMMERCIAL AG is:**

- Producing food products or other useful and valuable crops;

- OR -

- Raising or caring for animals.

The crops or animals can either be sold or used by the farmer/rancher to produce other products for sale.

## 8E. Commercial Ag (continued)



Commercial ag also includes commercial production in:

- Feedlots;
- Greenhouses;
- Nurseries;
- Sod farms; and
- Tree farms.

# 8E. Ag Equipment

---

Ag equipment **DOES NOT** include:

- Real estate;
- Licensable motor vehicles;
- Equipment used in processing at a commercial facility;
- Well drilling equipment;
- Office equipment; or
- Replacement parts.

# 8E. Ag Repair & Replacement Parts

---

- **HOWEVER**, the purchaser may apply for a refund of the tax if:
  - The repair parts are depreciable; and
  - The property repaired is qualified ag equipment.
- To obtain a refund, file a [Form 7AG-1](#) within 3 years of the date of purchase.

# 8F. Certificate of Clearance

## Purchasing a Business = Buying a Liability?

The **buyer** can be held liable for taxes due by the previous owner up to the amount of the purchase price, even if a lien has not been recorded.

**PROTECT YOURSELF!**

### Certificate of Clearance:

- Seller gives the certificate to the buyer; or
- Buyer requests and receives the certificate in writing.
- Buyer must include a Power of Attorney, Form 33, and a copy of the signed purchase agreement.

### The Department will:

- Respond within 60 days to a written request, whether buyer should withhold funds from the purchase including any assumed debt, amount or not.

*Refer to Successor in Interest, [§ 77-2707 Sales and Use Tax](#),  
and Transferee, [§ 77-27,110 Income Tax Withholding](#).*

***Just a few more things...***

# 8G. Why Would We Contact You?

---

The Department uses a variety of tools when determining which taxpayers to contact for audit.

## Examples:

- Audit of another taxpayer
- Department staff experiences
- Referrals from outside sources
  - Media
  - Tip line
  - Other government agencies
- Data mining
  - Comparisons with other companies
  - Trends, patterns, and relationships
  - Industry standards
- Follow-up audits

# 8H. Records



Every seller is required to keep records.

- Documents
- List of items consumed in the business
- Normal books of account
- Receipts showing taxes paid
- Resale and exemption certificates
- Schedules
- Working papers used in preparing tax returns

*We recommend you retain records for 5 years after a return is filed.*



# 8I. Discounts

## COUPONS

- Manufacturer's — Amount discounted after tax is calculated.
- Retailer — Discount deducted before tax is calculated.
- Deal-of-the-Day — Tax applied to item/service when redeemed.
- Group Discounts — Depends on manufacturer or retailer.

## CERTIFICATES

- Gift Certificates and Cards —  
Tax applied to item or service when redeemed.
- Phone Cards — Taxable at time of purchase.

# 8J. Psychic Services



## Nontaxable services include:

- Counseling
- Palm Reading
- Tarot Reading
- Astrology Reading
- Chakra Balancing

***Note: Books, magazines, and other tangible personnel property are generally subject to sales tax.***

# Nebraska Department of Revenue

**CUSTOMER\_ACCEPTANCE\_TESTING**

**NebFile**  
for Business

**Sales and Use Tax 88888888**

**123 SALES CORPORATION**

**02/2010**

START RETURN

COMPLETE FORMS

MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

## Schedule I - Local Sales and Use Tax

The program defaults to calculate tax when the amount subject to tax is entered. Click [Enter Tax](#) to have the program calculate the amount subject to tax when tax is entered.

+ Select File to Upload

Click this button to select a comma-separated values (CSV) file to upload. Click [here](#) for a description of the required format.

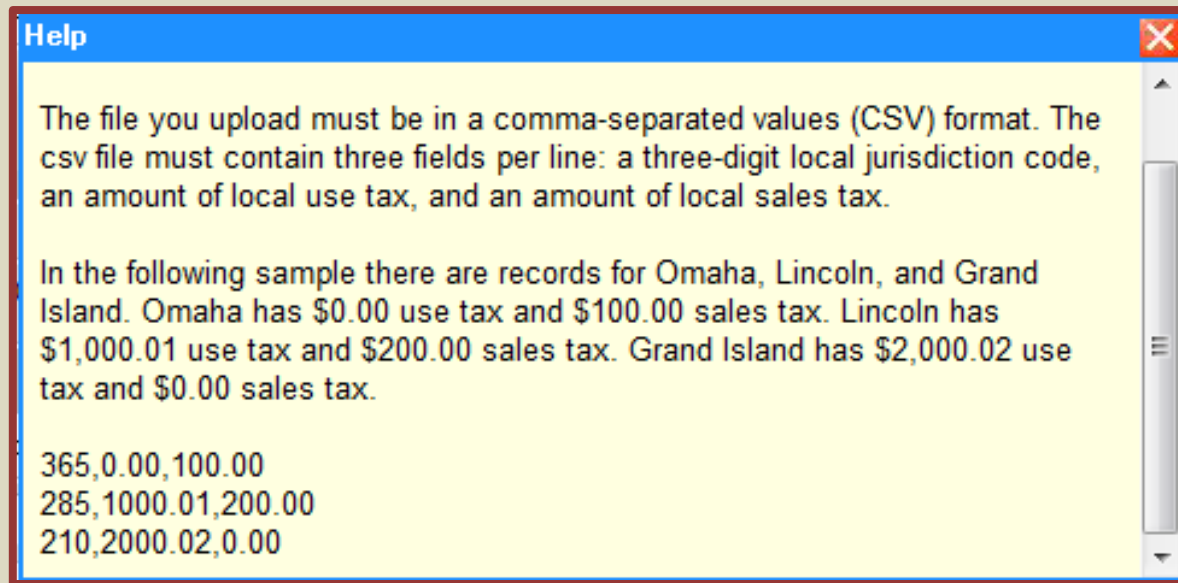
Local Jurisdiction Local Code ?	Rate	Use Tax		Sales Tax	
		1 Amount Subject to Local Use Tax	2 Local Use Tax	3 Amount Subject to Local Sales Tax	4 Local Sales Tax
			<a href="#">Enter Tax</a>		
Elgin (164)	.010	<input type="text"/>	.00	<input type="text"/>	.00
Totals		.00	.00	.00	.00

Select a Jurisdiction Not Listed Above

(To add a jurisdiction click + below)

Select One	<input type="text"/>	<input type="text"/>	<input type="text"/>	+
------------	----------------------	----------------------	----------------------	---

- The file upload feature allows taxpayers who report sales tax to multiple tax jurisdictions to upload a comma-separated values (CSV) file.
- There is no requirement to use this feature. It is simply a convenience some filers may choose. See “Click here” to see more information.



- This help screen shows an example of a CSV file formatted correctly for three local jurisdictions.

Official Nebraska Government Website

# Nebraska Department of Revenue

## CUSTOMER ACCEPTANCE

### Sales and Use Tax

[START RETURN](#)

[Schedule I](#) | [MVL](#) | [Form 10](#) | [Review Forms](#)

#### Schedule I - Local Sales and Use Tax

The program defaults to calculate tax when the user enters the jurisdiction. The program will calculate the amount subject to tax.

**Select File to Upload** Click this button to select a file to upload. For more information, click on the link for a description of the required format.

Local Jurisdiction Local Code ?	Rate	Use Tax Amount Subject to Local Use Tax
Elgin (164)	.010	
<b>Totals</b>		

Select a Jurisdiction Not Listed Above

Select One

\*Amounts for duplicate city codes will be summed and combined into a single row.

[Print this Form \(Optional\)](#)

[Back](#) [Save](#) [Save/Next](#)

Choose File to Upload

« dawn.h... » SalesTaxUploadSpreadsheets

Search SalesTaxUploadSpread...

Organize New folder



Name	Date modified	Type
CitiesAllTest.csv	2/17/2012 2:09 PM	Microsoft Excel 97-2003 Readable Spreadsheet
CitiesTenTest.csv	3/28/2012 3:38 PM	Microsoft Excel 97-2003 Readable Spreadsheet
TenCitiesTest.xls	3/28/2012 9:55 AM	Microsoft Excel 97-2003 Readable Spreadsheet

File name: CitiesAllTest.csv

All Files (\*.\*)

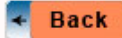
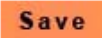

**Open** Cancel

- To use the upload feature, click on the “Select File to Upload” button.
- Use your directory to find the CSV spreadsheet saved on your computer (in this example, “CitiesAllTest.csv” is the selected file).
- Once you have selected the file, click the “Open” button to begin the upload process.

Local Jurisdiction Local Code ?	Rate	Use Tax		Sales Tax	
		1 Amount Subject to Local Use Tax	2 Local Use Tax	3 Amount Subject to Local Sales Tax	4 Local Sales Tax
		<a href="#">Enter Amount</a>			
Columbus (110)	.015		.00		.00
Crete (125)	.015		.00	300.00	4.50
Friend (192)	.010		.00	696,583.00	6,965.83
Fullerton (193)	.015		.00	975,216.67	14,628.25
Geneva (198)	.015		.00	2,047,955.33	30,719.33
Genoa (199)	.015		.00	4,300,706.67	64,510.60
Gering (200)	.015		.00	666,666,600.00	9,999,999.00
Grand Island (210)	.015		.00	175,645,223.33	2,634,678.35
Hastings (230)	.015	342.67	5.14		.00
Omaha (365)	.015	666.67	10.00	800.00	12.00
York (536)	.015		.00	200.00	3.00
	<b>Totals</b>	<b>1,009.34</b>	<b>15.14</b>	<b>850,333,585.00</b>	<b>12,751,520.86</b>
Select a Jurisdiction Not Listed Above				(To add a jurisdiction click  below)	
<div>Select One</div>					

\*Amounts for duplicate city codes will be summed and combined into a single row.

[Print this Form](#) (Optional)

- Once the file has been uploaded, the values and totals are populated.
- You may upload multiple files or manually make changes until your Schedule 1 is correct.
- When the Schedule 1 is complete, click the “Save/Next” button to continue filing.



Let us know what you think.  
Please turn in your evaluation!

**THANK YOU!**

[name]

[\[name\]@nebraska.gov](mailto:[name]@nebraska.gov)

[number]

[www.revenue.ne.gov](http://www.revenue.ne.gov)